

Message Text

LIMITED OFFICIAL USE

PAGE 01 BONN 17314 301925Z

51

ACTION EUR-25

INFO OCT-01 ISO-00 CAB-09 CIAE-00 COME-00 DODE-00 EB-11

INR-10 NSAE-00 RSC-01 FAA-00 TRSE-00 OMB-01 PM-07

H-03 L-03 NSC-10 PA-04 PRS-01 SPC-03 SS-20 USIA-15

ACDA-19 IO-14 EURE-00 DOTE-00 DRC-01 /158 W

----- 128354

P R 301548Z NOV 73

FM AMEMBASSY BONN

TO SECSTATE WASHDC PRIORITY 9010

INFO USMISSION BERLIN

AMEMBASSY LONDON

AMEMBASSY PARIS

LIMITED OFFICIAL USE BONN 17314

E.O. 11652: GDS

TAGS: ETRN, WB, GW, UK, US

SUBJECT: CIVAIR - IGS FARE INCREASE PROPOSALS

REF: (A) STATE 224825 (B) BONN 16313 (C) LONDON 13413

1. SUMMARY. EMBASSY CAA HAS HAD NUMEROUS DISCUSSIONS WITH THE BRITISH CAA DURING THE PAST TWO WEEKS SEEKING TO PERSUADE BRITISH TO AGREE TO COMPROMISE FARE LEVEL INCREASE. THE ONLY SMALL CONCESSION TO WHICH THEY WOULD AGREE, MAINLY FOR PRESENTATIONAL PURPOSES TO THE FRG, IS TO CHANGE BEA'S PROPOSAL SO NONE OF THE INCREASES IN FARES ON SPECIFIC ROUTES ACTUALLY EXCEEDS 10 PERCENT. LONDON REFUSES TO CONSIDER ANY FURTHER COMPROMISE. THE EMBASSY RECOMMENDS THAT WE CONTINUE, BASED ON PAN AM'S ECONOMIC DATA, TO SUPPORT THE PANAM PROPOSAL (6.4 PERCENT) AS MADE, AND INFORM THE BRITISH THAT WE CANNOT AGREE TO A 10 PERCENT INCREASE FOR PANAM. ACTION REQUESTED: THE DEPARTMENT'S VIEWS WOULD BE APPRECIATED.

2. OVER THE PAST TWO WEEKS, AS INSTRUCTED IN REFTEL (A) EMBASSY
LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 BONN 17314 301925Z

CAA HAS HAD NUMEROUS DISCUSSIONS ON IGS FARE INCREASES WITH

ACTING UK CAA CULLIMORE, WITH A LAST GO-AROUND IN DEPTH ON NOVEMBER 26. UNFORTUNATELY, THE SITUATION HAS BEEN AT AN IMPASSE, SINCE THE BRITISH EMBASSY'S INSTRUCTIONS DID NOT GIVE THE CAA ANY LEEWAY WHICH WOULD PERMIT A COMPROMISE ON A FIGURE BETWEEN BEA'S 10 PERCENT INCREASE PROPOSAL AND PANAM'S 6.4 PERCENT PROPOSAL. IT WAS AND IS THE BRITISH POSITION THAT BEA'S APPLICATION FOR A 10 PERCENT INCREASE IS FULLY JUSTIFIED, FOLLOWING A THOROUGH EXAMINATION BY THE RESPONSIBLE UK MINISTRIES. THERE IS APPARENTLY NO FLEXIBILITY AT ALL ON THIS SCORE.

3. IN THE NOVEMBER 26 DISCUSSION, EMBASSY CAA ASKED CULLIMORE TO URGE LONDON ONCE MORE TO GIVE SERIOUS CONSIDERATION TO AT LEAST SOME REDUCTION IN THE LEVEL OF THE BEA PROPOSAL. WE SAID WE UNDERSTOOD THAT PANAM MIGHT BE WILLING TO ACCEPT, RELUCTANTLY, A PROPOSAL FOR AN INCREASE IN THE NEIGHBORHOOD OF 9 PERCENT. WE ALSO NOTED THAT ALTHOUGH BEA DESCRIBED ITS PROPOSAL AS A 10 PERCENT INCREASE, THE PERCENTAGE INCREASES FOR EACH ROUTE VARY BETWEEN 10.0 (BREMEN) AND 11.5 PERCENT (HANNOVER) WHEN WORKED OUT AS SPECIFIC FARES. BY THE SAME TOKEN, A WEIGHTED AVERAGE OF INCREASES IN FARES ON ALL ROUTES WOULD BE NOTICEABLY HIGHER THAN 10 PERCENT. THE GERMANS, WE STRESSED, JUDGING FROM THEIR PAST REACTIONS, WOULD FIND THIS UNPALATABLE.

4. WE WENT ON TO SUGGEST THAT, IF WE COULD HAVE NO COMPROMISE AGREEMENT ON A FARE PROPOSAL ON PURELY ECONOMIC GROUNDS, PERHAPS THE UK EMBASSY COULD PERSUADE LONDON THAT A LOWER LEVEL OF INCREASES WOULD NOT ONLY GO AT LEAST A FRACTIONAL PART OF THE WAY TOWARDS MEETING PANAM'S PROPOSAL, BUT WOULD ALSO ASSIST IN OBTAINING FRG CONCURRENCE TO THE FARE PROPOSAL.

5. CULLIMORE AGREED TO MAKE AS LAST TRY, BUT LONDON'S REPLY, RECEIVED THE EVENING OF NOVEMBER 29, WAS THAT THEY WOULD ONLY AGREE TO ADJUST THE FARES FOR THE INDIVIDUAL ROUTES SO THAT NONE OF THE INCREASES WOULD BE OVER 10 PERCENT EXACTLY.

6. COMMENT: EMBASSY DOES NOT BELIEVE WE CAN DO ANYTHING FURTHER HERE TO CHANGE THE UK POSITION, AND WE REGRET THAT UNANIMITY AMONG THE CAA'S HERE ON A FARE INCREASE IS SIMPLY NOT TO BE HAD UNLESS WE AGREE THAT PANAM SHOULD CHANGE ITS LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 03 BONN 17314 301925Z

PROPOSAL AND JOIN BEA IN ITS APPLICATION FOR A 10 PERCENT INCREASE. EMBASSY RECOMMENDS THAT WE NOT, RPT NOT PREVAIL UPON, OR PERSUADE PAN AM TO AGREE TO A JOINT PRESENTATION FOR A 10 PERCENT INCREASE, EVEN IF IT MEANS DISCUSSING A SPLIT ALLIED POSITION IN THE BERLIN CIVIL AIR TRANSPORT ADVISORY GROUP. IT IS OUR GUESS THAT, FACED WITH THIS POSSIBILITY, THE BRITISH WILL WITHER AGREE TO A SOMEWHAT SMALLER FARE INCREASE OR B) GO TO THE FRG INDIVIDUALLY AND SEEK EXTRA SUPPORT, PERHAPS IN THE FORM OF AN

EXTRA SUBSIDY. ACTION REQUESTED: THE DEPARTMENT'S VIEWS WOULD BE APPRECIATED.

7. FOR THE DEPARTMENT'S AND LONDON'S INFORMATION, EMBASSY CAA REFERRED IN THE DISCUSSIONS WITH CULLIMORE, TO THE FINANCIAL TIMES STORY ON PROFITS EARNED BY BRITISH AIRWAYS' MANCHESTER DIVISION AS REPORTED REFTEL (C). CULLIMORE SAID THAT UK EMBASSY WAS AWARE OF THE REPORT, AND HAD ASKED LONDON (DEPARTMENT OF TRADE AND INDUSTRY) TO CHECK INTO IT. DTI HAD INVESTIGATED AND REPORTED THAT THE STORY WAS INACCURATE. THE PROFITS REPORTED BY THE MANCHESTER DIVISION EXCLUDED, RPT EXCLUDED THE IGS, WHICH OPERATED AT A LOSS AS STATED IN THE UK FARE PRESENTATION.HILLENBRAND

LIMITED OFFICIAL USE

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: CIVIL AVIATION, MEETINGS, AIR SCHEDULES, AIR FARES, AVIATION AGREEMENTS, NEGOTIATIONS
Control Number: n/a
Copy: SINGLE
Draft Date: 30 NOV 1973
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: garlanwa
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1973BONN17314
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: n/a
From: BONN
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1973/newtext/t1973113/aaaaaccj.tel
Line Count: 128
Locator: TEXT ON-LINE
Office: ACTION EUR
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators:
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: (A) STATE 224825 (B) BONN 16313 (C), LONDON 13413
Review Action: RELEASED, APPROVED
Review Authority: garlanwa
Review Comment: n/a
Review Content Flags:
Review Date: 22 AUG 2001
Review Event:
Review Exemptions: n/a
Review History: RELEASED <22-Aug-2001 by martinml>; APPROVED <26-Sep-2001 by garlanwa>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: CIVAIR - IGS FARE INCREASE PROPOSALS
TAGS: ETRN, WB, GE, UK, US
To: STATE
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005